



**REGIONAL WASTEWATER RECLAMATION ADVISORY COMMITTEE
FINANCIAL SUB-COMMITTEE
Public Works Building
201 N. Stone Avenue, 7th Floor Conference Room**

MEETING MINUTES

Wednesday, January 8, 2014

COMMITTEE MEMBERS PRESENT:

Amber Smith
Mark Stratton
Ann Marie Wolf

COMMITTEE MEMBERS ABSENT:

John Lynch
Mark Taylor

A. CALL TO ORDER. Mark Stratton called the meeting of the Regional Wastewater Reclamation Advisory Committee (RWRAC) Financial Sub-Committee to order at 1:39 p.m. Veronica Lopez took the roll call and a quorum was present.

B. PLEDGE OF ALLEGIANCE.

C. SAFETY SHARE. Tom Burke, Director, Finance and Risk Management Department (FRMD) reminded everyone to be cautious and alert as a pedestrian.

D. APPROVAL OF MINUTES

1. Meeting Minutes of December 10, 2013

ACTION: Ann Marie Wolf made a motion to approve the minutes of the December 10, 2013 meeting. Amber Smith seconded the motion. Motion passed unanimously.

E. DISCUSSION/ACTION.

1. **REVISED FINANCIAL PLAN PROJECTIONS.** Mr. Burke distributed handouts to the Sub-Committee. Mr. Burke stated that Standard and Poor's upgraded our sewer debt to AA. Mr. Burke first presented the Financial Assumptions spreadsheet and the changes that he made to this data. The main item that was changed was in Line 4 – Annual Rate of Expense Increase. The requested budget the Department submitted has a 4% increase instead of 2%, most of which is associated with the salary increase and the electric rate increase. Mr. Burke continued to discuss the other changes that were made. Mr. Burke went on to discuss the revised draft Debt Service Coverage Calculation spreadsheet. Discussion ensued.

2. **DRAFT FINANCIAL PLAN.** Mr. Burke distributed the initial rough draft of the Regional Wastewater Reclamation Department (RWRD) 2014 Financial Plan for the Sub-Committee to review. Mr. Burke suggested going through the Financial Plan and discussing each chart, which summarizes the data included in the report. The first chart that was discussed was the Capital Project costs. With the near completion of the Regional Optimization Master Plan (ROMP) project, these costs will begin to drop. The operating and maintenance (O&M) expenses will increase by 4% for Fiscal Year (FY) 2014-15 and then by 2% each FY thereafter. The O&M expenses are expected to increase by approximately \$2 million annually for the next four year period. Discussion ensued regarding the reduction in staffing and the closure of the Roger Road Wastewater Treatment Facility.

Mr. Burke discussed the debt service ratio and stated the debt service remains near \$85 million for 7 years, assuming no more debt will be issued after 2018. Discussion ensued regarding the debt service. The Sub-Committee and staff provided their comments and suggested edits on the draft Financial Plan to Mr. Burke. Mr. Burke requested that the Sub-Committee review the Financial Plan and provide him with any further comments or edits they may have.

The Sub-Committee members commended Mr. Burke for the work he did on the draft Financial Plan. Mr. Burke also stated that participating in this Sub-Committee has been very helpful to him and that he appreciates the work the Sub-Committee has done.

3. **OTHER RWRD FINANCIAL PLAN AND BUDGET ISSUES.** Michelle Hamilton, Finance Accountant Supervisor, FRMD, discussed the Period 5 Expense and Revenue Comparison data. The Department has some savings in Personnel Services, but for overall expenses the Department will be on budget. The revenue projections are coming in lower than what was anticipated. The Sub-Committee had various questions with regards to the Period 5 data.

4. **OTHER ISSUES.** No issues were discussed.

F. FUTURE AGENDA ITEMS. A recap of the Financial Plan and a Budget Update.

G. CALL TO THE AUDIENCE. There were no comments from the audience.

ACTION: Ann Marie Wolf made a motion to adjourn the meeting. Amber Smith seconded the motion. Motion passed unanimously.

H. ADJOURNMENT. The meeting was adjourned at 2:56 p.m.